

PRODUCERS RE (REV. 10-70 PAGE 1)

REC-44 74508 - 0-751643

26162 10:00

RECORDING MEMORANDUM:  
In Recording This Memorandum It Was Necessary  
To Place On The Recording The Notation  
or Notations As Shown.

D751643

OIL, GAS AND MINERAL LEASE

154-21-2208

THIS AGREEMENT made this 26th day of September 1972 between

Wah Chang Smelting & Refining Company of  
America, Inc.

Lessee (whether one or more) whose address is c/o Joseph V. Maxwell Company, 3426 N. Shepherd Dr.,  
Houston, Texas 77018

Mitchell & Mitchell Properties, Inc., Lessee, WITNESSETH: W

For and in consideration of the sum of Ten & No/100 Dollars (\$ 10.00), in hand paid, of the  
Lessee (as provided) and of the payment of Leasehold containing, hereby grant, lease and let exclusively unto Lessee for the purpose of in-  
vesting, exploring, producing, drilling and mining for and producing oil, gas (including all gases, liquid hydrocarbons and their respective constituent  
elements) and all other substances contained in the earth, including rights, title, power, stations, telephone lines and other structures (surface and on, over and across  
the surface and in the earth) and to produce, save, take care of, treat, transport, and own said products, and housing  
the same, the following described land in Harris County, Texas, to-wit:

9548500



1. 108.4286 acres of land, more or less, a part of the Richard and Robert Vince League, in Harris County, Texas, and being a part of that certain tract described in deed from B. N. Garrett to R. E. Brooks, dated December 31, 1923, filed for record January 9, 1925, and recorded in Volume 560, page 434, Deed Records of Harris County, Texas, said 108.4286 acres tract being described by metes and bounds as follows:

BEGINNING at a concrete monument set in the south right-of-way line of the Houston North Shore Railroad (Missouri Pacific Lines) which concrete monument is set for the northeast corner of the 145.903 acre tract deeded by R. E. Brooks estate to J. F. Hedding, Trustee, and is south 89 degrees 55 min. East 3823.9 feet from a concrete monument set at the northwest corner of said 145.903 acre tract which is at the intersection of the said south right-of-way line of the Houston North Shore Railroad and the east line of Haden Road;

THENCE south 89 deg. 55 min. east 319.95 feet along the said south right-of-way line of said Houston North Shore Railroad, to an iron pipe for corner, at the beginning of a curve to the left, having a radius of 1482.41 feet;

THENCE with the said south right-of-way line with a curve to the left, having a radius of 1482.41 feet, a distance of 418.05 feet to an iron pipe for corner;

THENCE with the south right-of-way line of the Houston North Shore Railroad (Ordinance Depot Spur), south 89 deg. 55 min. east 818.1 feet to an iron pipe for corner;

THENCE south 0 deg. 43 min. west 3250.45 feet pass an iron pipe set in the north right-of-way line of the Harris County Houston Ship Channel Navigation District, 100 feet wide, which right-of-way was deeded to the said Navigation District by R. E. Brooks estate by deed dated August 6, 1941, filed for record August 25, 1941, and recorded in Volume 1219, page 626, Harris County Deed Records, and continuing 100 feet pass an iron pipe set in the south line of said Navigation District right-of-way, and continuing 1132.24 feet, a total distance of 4482.69 feet to an iron pipe in the north right-of-way line of the Harris County Houston Ship Channel Navigation District 225 feet wide, which right-of-way was deeded to said Navigation District by R. E. Brooks estate February 4, 1931, and recorded in Volume 860, page 587, and by deed from Estate of R. E. Brooks dated June 23, 1945, and recorded in Volume 1398, page 61, Harris County Deed Records;

THENCE north 50 deg. 21 min. west 1846.4 feet along the said north right-of-way line of said Harris County Houston Ship Channel Navigation District, an iron pipe for corner, at the intersection with the south line of the aforesaid Navigation District right-of-way 100 feet wide;

THENCE northerly 100 feet, more or less, to the south-east corner of the above mentioned 145.903 acre J. F. Hedding, Trustee, tract, a concrete monument; thence north 0 deg. 05 min. west along the east line of said 145.903 acre tract, 3229.57 feet to the place of beginning.

SIGNED FOR IDENTIFICATION:

154-21-2209

[Redacted]

[Faint, mostly illegible text covering the main body of the page]

RECORDERS MEMORANDUM:  
ALL OF PAGE OF THE FOR THIS PAGE  
WAS NOT CLERKLY INDEXED FOR QUALITY  
RECORDATION

154-21-2210

RECORDER'S MEMORANDUM:  
The changes made on this instrument  
were present at the time instrument  
was filed and recorded.

154-21-2211

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above. For the purpose of calculating the rental payments hereinafter provided for, said land is estimated to comprise 108.4286 acres, whether it actually comprises more or less.

1/4th- 2. Subject to the other provisions herein contained, this lease shall be for a term of one year, from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder.

1/4th- 3. The royalties to be paid by Lessee are: (a) on all ~~oil and gas~~ oil and gas produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipeline to which the wells may be connected. Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; Lessor's interest shall bear ~~one-fourth~~ one-half of the cost of all trucking treating the oil to render it marketable pipeline oil or, if there is no available pipeline, Lessor's interest shall bear ~~one-fourth~~ one-half of the cost of all trucking charges; (b) on gas, including all gases, liquid hydrocarbons and their respective constituent elements, casinghead gas or other gaseous substance, produced from said land and sold or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well, ~~it being under~~ it being under ~~the gas so sold or used, provided that on gas sold at the well the royalty shall be one-half of the net proceeds derived from such sale~~ one-half of the net proceeds derived from such sale; (c) on all other minerals mined and marketed one-tenth either in kind or value at the well or mine, at Lessee's election, except that on sulphur mined and marketed the royalty shall be fifty cents (50¢) per long ton. Lessee shall have free use of oil, gas, coal and water from said land, except water from Lessee's wells, for all operations hereunder, and the royalty on oil, gas and coal shall be computed after deducting any so used. While there is a well capable of producing gas in paying quantities on the leased premises or land or leases pooled therewith but gas is not being sold or used and this lease is not then being maintained by production, drilling or reworking operations, or otherwise, Lessee, at its election, may pay or tender as royalty to Lessor on or before the first day of the month after the expiration of ninety (90) days after the date of completion of such gas well, or from the date on which gas ceases to be sold or used, or from the date this lease is included in a unit on which a gas well has been previously completed and shut in, whichever be the later date, a sum determined by multiplying \$1.00 per acre for each acre then covered by this lease, in the event said well is located on the leased premises and other land or leases have not been pooled with this lease or any portion thereof to create a unit for such well or, if said well is located on a unit comprised of part or all of the land covered by this lease and other land or leases, a sum determined by multiplying \$1.00 per acre for each acre of the leased premises covered hereby and included in such unit on which said shut-in gas well is located, which payment will maintain this lease in force and effect for a period of one year after the due date of such payment; however, if actual production of gas commences within said 90-day period, this lease shall remain in full force and effect so long as such production continues without the necessity of any shut-in gas royalty having to be made by Lessee for the period of time gas production was not had from the land covered by this lease or land pooled therewith. In like manner and upon like payments or tenders on or before the expiration of each year thereafter this lease may be maintained in force and effect for successive periods of one year each as long as such payments or tenders are made or until such time as this lease is maintained by production, drilling or reworking operations. If a gas well on the above premises be shut-in because of overproduction therefrom, Lessee shall not be required to make any shut-in gas royalty payments provided for herein in order to maintain the lease in force during the period such well is not produced; provided, however, that if production from such well is not resumed within a period of 18 months, Lessee shall be required, (prior to the expiration of such period) to begin or renew the shut-in royalty payments provided for herein in order to maintain the lease in force thereafter; any payments or tenders made to Lessor on or before the end of said 18-month period shall cover a one year period from the end of said 18-month period and annually thereafter.

4. Lessee shall have the right and power in its discretion to pool or combine, as to any one or more formations, the land covered by this lease or any portion of said land with other land, lease or leases in the vicinity thereof and, with respect to any such unit so formed, Lessee shall execute in writing an instrument of instruments identifying and describing the pooled acreage and file same for recording in the office of the County Clerk in the county in which said pooled acreage is: the pooled unit shall become effective as of the date provided for in said instrument or instruments, but if said instrument or instruments make no such provision, then such unit shall become effective on the date such instrument or instruments are so filed for record. Operations for drilling on or production of oil and gas from any part of the pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations for drilling were commenced or such production was secured before or after the date of this lease or the date of the instrument designating the pooled unit, shall be considered as operations for drilling on or production of oil or gas from the land covered by this lease whether or not the well or wells be located on the land covered by this lease, and the entire acreage constituting such unit or units, as to oil or gas, or either of them as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. The above right and power to pool and unite may be exercised with respect to oil, gas and other minerals, or any one or more of said substances, and may be exercised at any time and from time to time and before or after a well has been drilled, or while a well is being drilled. Any unit so formed may be re-formed, increased or decreased at the election of Lessee at any time and from time to time after the original forming thereof, and Lessee may vacate any unit formed by it hereunder by instrument in writing filed for record in said county at any time when there is no unutilized substance being produced from such unit. The pooling for gas hereunder by Lessee shall also pool and utilize all liquid hydrocarbons and their respective constituent elements as may be produced with the unutilized gas and the royalty interest payable to Lessor thereon shall be computed the same as on gas. In lieu of royalties above specified, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of the above-described acreage placed in the unit bears to the total acreage so pooled in the particular unit involved, subject to the rights of Lessee to reduce proportionately Lessor's royalty as hereinafter provided. Oil or gas produced from any such unit and used in the operations thereof or thereon shall be excluded in calculating said royalty. Units pooled for oil hereunder shall not substantially exceed 80 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each, plus a tolerance of 10% thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. When the word "oil" is used herein, it shall mean any combination of liquid hydrocarbons regardless of gravity, all or any portion of which is a liquid in the reservoir from which produced and which can be recovered in a standard type of separator at the well in quantities of at least one barrel per 10,000 cubic feet of gas when measured on the pressure base fixed by the Railroad Commission of the State of Texas. When the word "gas" is used herein, it shall mean hydrocarbon vapor, including all liquid hydrocarbons which can be condensed, absorbed or separated out of or from such vapor after it leaves the reservoir, and including any combination of hydrocarbons which are in a liquid state in the reservoir if recoverable, in a standard type separator at the well, in quantities of less than one barrel per 10,000 cubic feet of gas when measured on the pressure base fixed by the Railroad Commission of the State of Texas, but not including casinghead gas or the liquid hydrocarbons which can be condensed, absorbed or separated out of or from such casinghead gas.

5. If operations for drilling are not commenced on said land or on acreage pooled therewith as above provided on or before one year from this date, the lease shall then terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor

in NOT APPLICABLE Bank at TEXAS, (which bank and its successors are Lessor's agent, and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or the

rentals) the sum of one Dollars (\$ 1.00), (herein called rentals), which shall cover the privilege of deferring commencement of drilling operations for a period of twelve (12) months. In like manner and upon like payments or tenders annually, the commencement of drilling operations may be further deferred for successive periods of twelve (12) months each during the primary term. The payment or tender of rental under this paragraph and of royalty under paragraph 3 on any gas well from which gas is not being sold or used may be made by the check or draft of Lessee mailed or delivered to the parties entitled thereto or to said bank on or before the date of payment. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty (30) days after Lessor shall deliver to Lessee a proper recordable instrument, naming another bank as agent to receive such payments or tenders. The down cash payment is consideration for this lease according to its terms and shall not be allocated as a mere rental for a period. Lessee may at any time or times execute and deliver to Lessor or to the depository above named or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to one portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

*W. H. Mitchell & Assoc.*  
3900 One Shell Plaza  
Houston, Texas 77052

154-21-2212

6. If prior to discovery and production of oil, gas or other mineral on said land or on acreage pooled therewith Lessee should drill a dry hole or holes thereon, or if after discovery and production of oil, gas or other mineral, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within ninety (90) days thereafter, if it be within the primary term, commences or resumes the payment of rentals or commences operations for drilling or reworking on or before the rental date next ensuing after the expiration of ninety days from date of completion of dry hole or cessation of production. If at any time subsequent to ninety (90) days prior to the beginning of the last year of the primary term and prior to the discovery of oil, gas or other mineral on said land, or on acreage pooled therewith, Lessee should drill a dry hole thereon, no rental payment or operations are necessary in order to keep the lease in force during the remainder of the primary term. If at the expiration of the primary term oil, gas or other mineral is not being produced on said land or on acreage pooled therewith but Lessee is then engaged in drilling or reworking operations thereon or shall have completed a dry hole thereon within ninety (90) days prior to the end of the primary term or shall after the expiration of the primary term complete either an oil well on land other than land covered by this lease and which other land and all or a portion of the land covered by this lease has been included in a gas unit that was formed prior to the expiration of the primary term of this lease, or a gas well on land other than land covered by this lease and which other land and all or a portion of the land covered by this lease has been included in an oil unit that was formed prior to the expiration of the primary term of this lease this lease shall remain in force so long as operations on said well or drilling or reworking operations on any additional well on the land covered by this lease or acreage pooled therewith are prosecuted with no cessation of more than ninety (90) consecutive days and if they result in the production of oil, gas or other mineral so long thereafter as oil, gas and other mineral is produced from the land covered by this lease or acreage pooled therewith. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 660 feet of and draining the leased premises, Lessee agrees to drill such offset well or wells as an ordinary prudent person would do under similar circumstances and in this connection, it shall be considered that no drainage exists and there shall be no express or implied duty of Lessee to drill such offset well or wells unless it also appears that such offset well or wells would be sufficiently productive to pay Lessee a profit over and above drilling, completing and operating expenses.

7. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipelines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.

8. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns, but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligation or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U. S. mail at Lessor's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

9. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have ninety (90) days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument. After the discovery of oil, gas or other mineral in paying quantities on said premises, Lessee shall reasonably develop the acreage retained hereunder, but in discharging this obligation it shall in no event be required to drill more than one well per eighty (80) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas or other mineral in paying quantities.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's right under the warranty in event of failure of title, it is agreed that if Lessor owns an interest in the oil, gas or other minerals on, in or under said land less than the entire fee simple estate, then the rentals and royalties to be paid Lessor shall be reduced proportionately.

11. (a) Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing oil or gas therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, any Federal or State law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the leased premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

(b) The specification of causes of force majeure herein enumerated shall not exclude other causes from consideration in determining whether Lessee has used reasonable diligence wherever required in fulfilling any obligations or conditions of this lease, express or implied, and any delay of not more than six (6) months after termination of force majeure shall be deemed justified.

12. All terms and express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

13. This lease states the entire contract between the parties and no representation or promise, verbal or written, on behalf of either party shall be binding on either party, and this lease shall be binding upon each party executing the same regardless of whether or not executed by all owners of the land described hereon and by all persons above named as "Lessor," and notwithstanding the inclusion above of other names as "Lessor," this term as used in this lease shall mean and refer only to such parties executing this lease and their successors in interest.

13. Notwithstanding anything that may be contained in this lease to the contrary, Lessee shall not have the right to drill any well for the production of oil or gas on the land covered by this lease except at a location 467 feet from the North line of the ~~Port of A. Railroad~~ right-of-way and 467 feet from the East line of the 108.4286 acres of land covered by this lease. In connection with the foregoing, it is expressly understood that Lessee shall be prohibited from drilling a well or wells for the production of oil and gas at any location on said land other than the location hereinabove specified unless both Lessor and Lessee mutually agree in writing to permit Lessee to drill another well at some other location on said land. However, nothing hereinabove set out shall prevent Lessee from drilling a directional well from a location on land not covered by this lease and causing such well to be bottomed under the land covered by this lease for the production of oil or gas therefrom.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

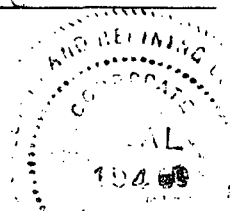
ATTEST:

WAH CHANG SMELTING & REFINING COMPANY  
OF AMERICA, INC.

By: \_\_\_\_\_

1972 DEC 4 AM 9 28

RECORDER'S MEMORANDUM:  
The additions on this instrument were present at the time instrument was filed and recorded.



154-21-2213

WAH CHANG SMELTING & REFINING COMPANY  
OF AMERICA, INC.

S. S. No.

LESSOR

By

LESSOR

S. S. No.

154-21-2214

LESSOR

S. S. No.

S. S. No.

RECORDER'S MEMORANDUM:  
The changes made on this instrument  
were present at the time instrument  
was filed and recorded.

RECORDER'S MEMORANDUM:  
Portions of This Instrument Were Inked or  
Blacked Out At The Time of Recording

THE STATE OF TEXAS

County of Harris

Before me, the undersigned authority, on this day personally appeared

known to me to be the identical person whose name Wah Chang Smelting & Refining Co. is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the \_\_\_\_\_ day of \_\_\_\_\_ A. D., 19\_\_\_\_

Notary Public in and for \_\_\_\_\_ County, Texas

CORPORATION ACKNOWLEDGMENT

COUNTY OF Nassau

appeared John G. Li

known to me to be the person whose name is subscribed to the foregoing instrument; as President of Wah Chang Smelting & Refining Co. of America, Inc. a corporation, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the 11th day of October, A. D., 1972

Notary Public in and for

Nassau

County, NEW YORK

ELEANOR T. CLARKE

Notary Public, State of New York

No. 30-2925295

Qualified in Nassau County

Term Expires March 30, 1973

SINGLE ACKNOWLEDGMENT

THE STATE OF TEXAS

COUNTY OF \_\_\_\_\_

appeared \_\_\_\_\_

known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he/they executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the \_\_\_\_\_ day of \_\_\_\_\_ A. D., 19\_\_\_\_

Notary Public in and for

482584

County, Texas

STATE OF TEXAS  
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in  
File Number Sequence on the date and at the time stamped  
below by me and was duly RECORDED, in the Office of  
Public Records of said County of Harris County, Texas on

DEC 4 1972



*Eleanor T. Clarke*  
COUNTY CLERK  
HARRIS COUNTY, TEXAS